

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 STR-08 NSCE-00 SSO-00

ARA-16 AGR-20 CEA-02 CIAE-00 COME-00 DODE-00 FRB-02

H-03 INR-10 INT-08 L-03 LAB-06 NSAE-00 NSC-07 PA-04

RSC-01 AID-20 CIEP-02 SS-20 TAR-02 TRSE-00 USIA-15

PRS-01 SP-03 FEA-02 OMB-01 SWF-02 DRC-01 OIC-04 /214 W

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FM USMISSION GENEVA

TO SECSTATE WASHDC PRIORITY 5374

INFO USMISSION EC BRUSSELS

USMISSION OECD PARIS

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PASS STR

DEPT PASS TO AMB EBERLE IN LATIN AMERICA

EO 11652: N/A

TAGS: ETRD, GATT

SUBJ: MANAGEMENT OF GATT AND GATT-IMF RELATIONS

REF: GENEVA 2414

1. GATT DG CONVENING MEETING OF KEY INDUSTRIALIZED CP
DELEGATIONS 10 AM THURSDAY AM, MAY 2, FOR AN EXCHANGE
OF VIEWS ON "MANAGEMENT OF THE GATT TRADING SYSTEM."
IMPETUS FOR MEETING (ACCORDING TO DEPUTY DG PATTERSON)
STEMS FROM PROPOSED NEW ARRANGEMENTS BEING CONSIDERED IN
IMG C-20 FRAMEWORK FOR COORDINATION OF TRADE AND MONETARY
MEASURES FOR BALANCE OF PAYMENTS REASONS. FOLLOWING ARE
MAIN QUESTIONS DG INTENDS RAISE FOR DISCUSSION: DO MAIN
INDUSTRIALIZED CP'S CONSIDER THERE IS A NEED TO ESTABLISH
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A "STEERING GROUP" WITHIN GATT FOR DISCUSSION OF B/P

TRADE MEASURE PRIOR TO OR IN ADDITION TO EXISTING GATT BODIES HAVING RESPONSIBILITIES IN THIS AREA (BOP COMMITTEE, COUNCIL); IF KEY CP'S CONSIDER THERE IS SUCH NEED, WOULD THEY CONSIDER IT PREFERABLE TO TRY TO ESTABLISH A MORE-FORMALIZED GATT COUNTERPART OF C-20 AT APPROPRIATELY HIGH LEVEL OR DO THEY CONSIDER CURRENT INFORMAL GATT MECHANISM ADEQUATE (SO-CALLED "SEVEN PLUS SEVEN" OF MOST ACTIVE DC AND LDC DELEGATIONS)?

2. COMMENT: PATTERSON RECENTLY INFORMED US PRIVATELY OF HIS OWN PERSONAL MISGIVINGS ABOUT POSSIBILITY IMF C-20 DEPUTIES MAY RECOMMEND AMENDMENT OF IMF ARTICLES OF AGREEMENT WHICH WOULD LEAVE GATT WITHOUT ANY SIGNIFICANT ROLE IN JUDGING APPROPRIATENESS OF SPECIFIC TRADE MEASURES JUSTIFIED BY B/P POSITION OF PARTICULAR COUNTRIES. KEY QUESTIONS IN PATTERSON'S MIND ARE WHETHER IMF SHOULD HAVE SOLE POWER TO AUTHORIZE RESORT TO TRADE MEASURES WITH GATT SIMPLY NOTIFIED OR INFORMED, OR SHOULD THERE BE SUBSTANTIVE COLLABORATION BETWEEN IMF AND GATT BEFORE SUCH MEASURES ARE APPROVED; IF THE LATTER, WHAT INSTITUTIONAL MECHANISM WITHIN GATT CAN BE DEVELOPED OR ADAPTED TO MATCH IMF'S TRADITIONAL ABILITY TO MAKE QUICK DECISIONS. PATTERSON STRESSED HIS CONCERN IS SUBSTANTIVE RATHER THAN BUREAUCRATIC; EXAMPLE HE CITED WAS THERE IS GREAT DIFFERENCE BETWEEN TRADE POLICY IMPACT (AND POTENTIAL FOR INTERNATIONAL FRICTION) BETWEEN ACTION BY A COUNTRY ACKNOWLEDGED TO BE IN SEVERE B/P POSITION IF TRADEMEASURES ADOPTED TO PRODUCE A B/P SAVING ARE SELECTIVE OR GENERAL AND, IF SELECTIVE, ON WHAT PARTICULAR PRODUCTS.

3. GUIDANCE REQUESTED BY MAY2. IF WASHINGTON NOT ABLE SPELL OUT CURRENT US THINKING ON THIS SO QUICKLY, WE MIGHT SUGGEST DG ARRANGE A SIMILAR RESTRICTED MEETING WHEN SENIOR OFFICIALS ARE EXPECTED BE IN GENEVA FOR NEXT MEETING OF TNC (CURRENTLY FORECAST DURING FIRST WEEK OF JUNE).

DALE

NOTE BY OC/T: NOT PASSED AMB EBERLE IN LA
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